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The Alts Institute Alternative Investing Survey

# Key Findings: North America Advisors



## North America Advisors: Key Findings

The Alts Institute Alternative Investing Survey probed the views of advisors and high-net-worth investors to more deeply understand advisor and client perceptions of alternative investing, the attending conversations, and best practices for advisors. Below, we have captured the key findings from the advisor portion of the survey, which revealed advisors' firm belief that alternative investments are essential to their clients' portfolio strategy, a strong driver for the growth of their practice, and a key factor in an increasing reliance on professional advice. With investors looking to expand their alts footprint, many advisors don't realize that they hold the keys to greater client adoption. Once advisors get comfortable sharing alternatives education and investment ideas with clients, it's a smooth path to client adoption and increasing alts allocations.



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## 1

### Advisors believe that alternatives have a strong impact on client outcomes.

90%

say that their clients are primarily focused on the long-term potential of their portfolio.

77%

agree that having an alts allocation will drive stronger long-term outcomes than the 60/40 portfolio.

82%

say alternatives offer the ability to achieve more consistent returns in increasingly volatile markets.

78%

believe that alternatives are an essential investment vehicle to help their clients reach their financial goals.

85%

agree that alts have enhanced their client conversations about portfolio construction.

63%

say utilizing alternative investments should be at the core of portfolio strategy for high-net-worth investors.

## 2

### Advisors believe that alternatives serve as a differentiator for their practice.

67%

view alternatives as a strategic imperative, saying that those without a strong alternatives offering will be left behind.

86%

believe that greater individual investor access to alternative investing will drive more reliance on professional advice.

72%

agree that being an alts expert will be a meaningful driver in growing their book of business.

68%

agree that new and/or prospective clients expect them to have robust alternatives offerings.

61%

say that the strength of their alternative investment offering is a key differentiator for their practice.

3

**Advisors cite alts expertise as a “must have,” and our survey indicates that greater advisor knowledge in alts leads to a smoother path to alts adoption for investors.**

80%

say alts expertise is a “must have” for advisors.

Our research indicates that advisors with greater alts knowledge report higher client knowledge levels and greater investor openness to alts, suggesting that advisors who strongly believe in the category are largely successful at building clients’ foundational understanding of alts and smoothing the path to adoption.

4

**Advisors say education is key to getting clients comfortable with alternatives, and also that the learning curve for advisors is not too steep.**

91%

agree that building a strong working knowledge of alternatives is a commitment worth making.

The majority of advisors also say it takes only a few days or less to get comfortable with a new product or asset class, indicating that building the knowledge they need is not as challenging as one might think.

73%

believe client alts reservations around liquidity and complexity are easily allayed through education.

54%

say clients are not very knowledgeable or not knowledgeable at all about alts.

Advisors overwhelmingly agree that building a strong working knowledge of alternatives is a commitment worth making.



**The Alts Institute opportunity: Many advisors need help building their alts knowledge and say the current tools and resources for self-education are standard or subpar.**



43% of advisors say they are “generalists,” indicating that they understand alts at a high level but have limited knowledge of specific products/asset classes.



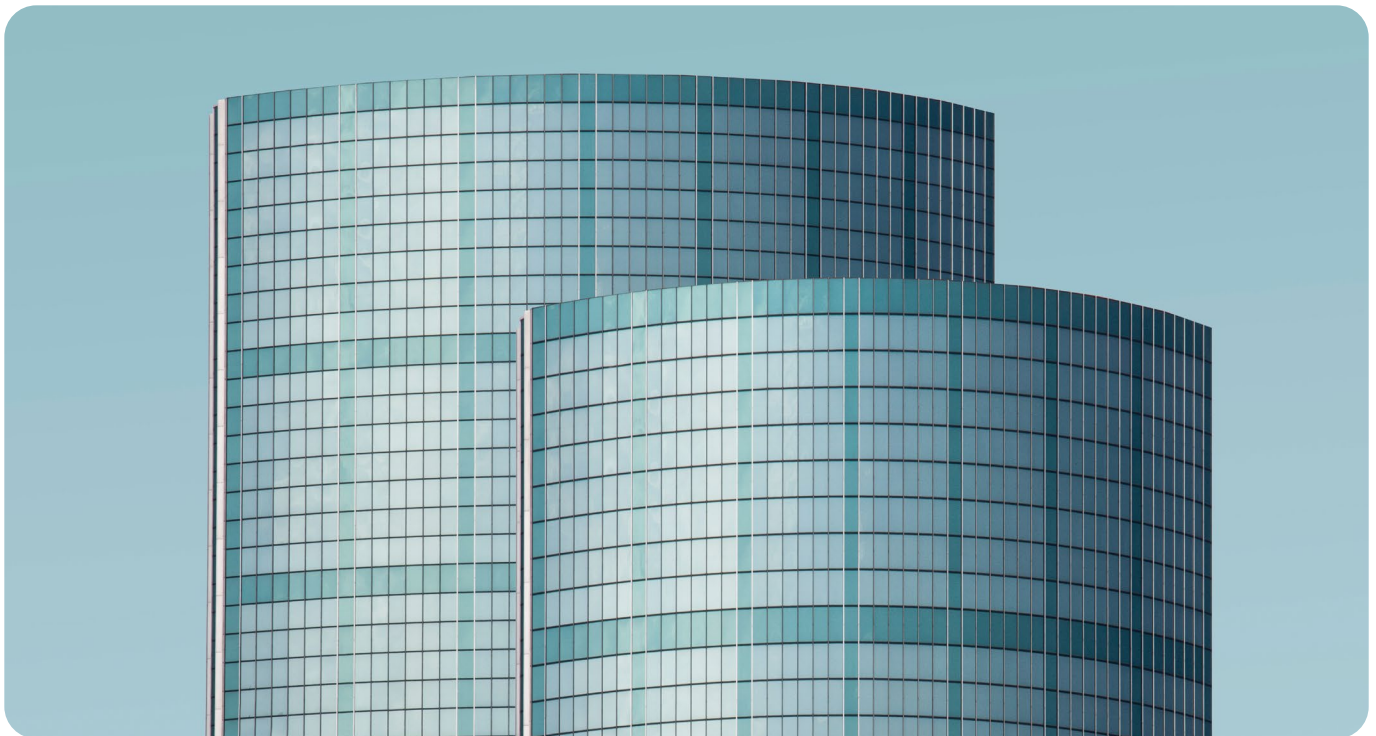
U.S. advisors cite client-facing educational materials and expert consultations as the top two areas of additional support needed around alternatives.



The majority of advisors point to concerns about liquidity constraints as a challenge to increasing allocations, which suggests that the main barrier to greater alts investment, particularly less liquid alts, is helping *advisors* get comfortable with liquidity constraints.



73% of advisors rate existing tools for educating themselves as standard or subpar.



## Spotlight on the Power Users

Our research underscores the vital role that alternatives can play in accelerating an advisor's practice and improving client outcomes. Through our analysis, we have identified one group in particular—the Power Users—who tend to be more wealth-oriented and represent best practices when it comes to utilizing alternatives with their clients.

<55

Power Users skew slightly younger than the broader advisor respondent base, as 72% of Power Users are below age 55.

\$1B

Power Users are twice as likely to have at least \$1 billion in team assets under management.

~80%

Nearly 80% of Power Users have more than 30 high-net-worth clients.

1/3

One-third consider themselves to be an “expert” on alts.



### Alts Usage

Power Users on average allocate 17% of their book of business to alts and regularly utilize at least five alts products with clients.



### Best Practices

Among the most prolific alts users, showing how strategies fit with personal goals, gradually increasing size and complexity of exposures, and explaining strategies and products in depth to showcase their alts expertise have proved most successful in increasing client allocations to alts.



### Business Benefits

Power Users cite a broad range of benefits as a result of alts implementation, including improving absolute returns, smoothing revenue volatility and increasing new business—suggesting that greater alts usage leads to an increase in the value, both in the breadth and scale, it brings to the practice.



### Opportunity

Power Users more readily agree that a priority for their practice is increasing access to different alternative categories and strategies. They also believe that alts expertise will be a meaningful driver in growing their business.

## Survey Methodology

Brookfield Oaktree Wealth Solutions commissioned CoreData Research to conduct separate online surveys of 300 financial professionals with an average practice AUM of \$633 million in the U.S. and Canada and 625 high-net-worth investors with at least \$2.5 million in household investable assets in the U.S., Canada, Hong Kong, Singapore and Taiwan between April and June 2024.

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